

**6TH INTERNATIONAL CONFERENCE ON ACCOUNTING, AUDITING  
AND MANAGEMENT IN PUBLIC SECTOR REFORMS  
COPENHAGEN, SEPTEMBER 1-3, 2010**

**Young scholars program**

**Working Paper**

**The importance of performance information in Flemish  
municipal councils**

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## **Abstract**

This paper explores the status of performance information in a local political setting. The NPM discourse assigns a new steering role to politicians as strategic decision makers. Logically, this should lead to an increased use of performance information. However, we notice that this is not automatically the case. There is a discrepancy between the intended and the actual use of performance information. Some explanation might be found in the fact that political and economic rationality generate divergent objectives. Politicians have a different perspective on performance information than the one implied in the New Public Management (NPM) model.

We attempt to set a state of the art of performance information use by local politicians within the municipal council. The research builds on empirical findings regarding the reference to performance information in the political debate and attempts to evidence the presupposed patterns of use. The institutional framework is used in searching answers for the discrepancy between intended and actual use of performance related documents. Institutional theory and ter Bogt's and Van Helden's framework for studying organizational change might provide a basis to explore and analyse the reasons for using NPM like instruments in public sector organizations (ter Bogt, 2008a: 217).

Data are collected from the Flemish municipal councils' official reports, as we intend to study the use of performance information in a true political setting. We analyse the extent to which politicians refer to performance information during the councils' meetings. An index construct makes archival data operational to our analysis. Previous research has simultaneously come to sceptical and optimistic conclusions about the acceptance and use of performance information by local politicians. Our preliminary findings suggest an important variety in the reference to performance information during the councils' debate.

## **1. Introduction**

Efficiency driven managerial reforms dominate the political agenda and practice throughout Europe (Steyvers et al 435). The contemporary logic of organizing in western local government has been referred to as New Public Management (NPM). It is seen as the wave of restructuring that swamped governmental organizations with businesslike instruments and styles during the last two decades (Hood 1991, 1995, Windels 2007). Thus NPM is regarded as a toolbox from which individual tools are taken to solve current problems. The great difference between old administration and NPM is that the ingredients of this toolbox for practical solutions have changed from regulations and input-oriented control to incentives and output or outcome-oriented control (Schedler: 547).

NPM restructurings also encompass political institutions and ways of organizing politics and public decision- and policymaking. The ongoing modernization efforts are not just about public administration, it is the political and democratic constitution that is being reorganized under the guiding principles of NPM (Hansen: 105-106). There is no 'one' single model of NPM at play. Various NPM elements are stressed and combined in more or less specific ways, according to existing institutional structures and traditions of the countries in question. At the Flemish local government level a specific

NPM model has been instituted. It attributes a set of new governing roles to the political and administrative actors, including a new role for local politicians.

## **2. Focus on performance information**

One of the few undisputed facts about NPM is that it has significantly enhanced governments' exposure to performance information (Askim 2007, Yetano 2009). Terms such as 'privatization', 'agentification', 'contractualization', 'continuous quality improvement', 'efficiency gains', 'activity costing' and 'performance management' are part of the new lexicon. Much more than in the past, different stakeholders emphasize the importance of the performance of government organizations, transparency with regard to performance and their costs, as well as efficiency and effectiveness in general. Its primary claims are doing more for less as a result of better quality management, or -using the consultant's vocabulary- to contribute to efficient, effective and customer oriented government (Van Helden, ter Bogt 2001). In tandem with NPM, it is suggested that new performance and control structures put a greater emphasis on accountability in terms of results which should contribute to a more effective and citizen-oriented government (Hood 1995).

### *A usage gap*

"The gap between rhetorics and actions is so wide to provoke scepticism or, according to taste, cynicism (Pollitt & Bouckaert)".

The existence of performance information suggests a global shift in the direction of modern management. Many governmental documents and speeches have claimed a shift towards the use of performance information while closer empirical study showed that there had actually been high continuity between the old and the new (Pollitt & Bouckaert). Therefore, there are many sceptics among academics, politicians and managers who consider that the advantages claimed for performance measurement and use cannot be realized due to the complexity of local government (Yetano 2009:167). Particularly with respect to local government, the extent to which performance information has taken hold in a meaningful way could still be an open question (Poister & Streib: 325).

Performance measurement is the usage of quantitative indicators to regularly measure the results and efficiency of public programs that clients, customers, or stakeholders expect (Tat-Kei Ho: 217). Indeed, it is not an end in itself. So why should politicians use performance information? According to Behn (2003) they may find the information helpful in achieving eight specific purposes: to evaluate, control, budget, motivate, promote, celebrate, learn and to improve. This list could be longer or shorter. Indeed, the only real purpose is to improve performance, the other seven purposes are simply means for achieving this ultimate purpose (Behn: 586-588).

Utilization of performance information is composed of at least two stages, adoption and implementation. Adoption, understood in terms of a capacity to act, refers to the development of measures of outputs, outcomes and efficiency. Implementation, in terms of knowledge converted into

action, refers to the actual use of performance measures for strategic planning, resources allocation, program management, monitoring, evaluation and reporting to internal management, elected officials, citizens or the media (de Lancer Julnes). De Lancer Julnes and Holzer (2001) concluded that the two stages of utilization were differently influenced by a number of factors. Adoption was more heavily influenced by rational/technocratic factors. Implementation, on the other hand, was more influenced by political/cultural factors such as external interest groups.

#### *Politicians' perception of performance information*

The aforementioned changes in the public sector led to the development of large numbers of private sector techniques to measure and improve performance. However, in a public entity, success in a change process is conditioned by the support of the political class. Local governments are political entities, so decision-making is going to be highly influenced by the politicians. In fact, their commitment legitimates the reforms and helps to ensure funding for the reform (Yetano 2009). The new performance information should enable them to measure and to evaluate the performance of public entities and also increases the opportunities to account for performance (Van Thiel & Leeuw: 268). However, a critical factor that is linked to many of these assumptions but that is often overlooked by researchers is elected officials' perceptions of the tool (Tat-Kei Ho: 219). Past studies suggest that concern for the political consequences of performance information can be a major barrier to the adoption of performance instruments. For example, if they believe that the tool can be politicized and cause problems in elections, or if they are concerned about possible negative media coverage of performance measurement results or the politicized atmosphere in which citizens or community groups often challenge the city council's decisions, they are less likely to view it positively in the decision-making process (Tat-Kei Ho: 226).

Moreover, political support will be highly influenced by political cycles focused on the short term. Elected representatives are usually more concerned with their own position than with organizational performance (Yetano 2009). So, before we can investigate local politicians' use of performance information we need to set a clear picture of the position of performance information in municipal councils. Elected representatives' support and participation gives "political weight" to the tool and plays an important role in integrating performance measurement in decision-making. Consequently, they will have to accept the needs and benefits of the NPM concept and support its implementation. Also, enthusiasm of city council members and city administrators about performance measurement should reinforce the value of the tool in decision-making (Tat-Kei Ho).

Therefore, NPM inspired reforms tried to find ways to get politicians to think and act in a new mode so that the effect-oriented public management could be implemented with full coverage of the entire administration. Indeed, local politicians have to be willing to modify their perspective on control and support its processes of decision-making with rational, objective and focused information (Windels 2007). After all, to succeed NPM reforms have to get their message across to the political world in a way that its members would pick up the ball in their behaviour (Schedler: 536). Although politicians are repeatedly demanding efficiency increases from the administration, they do not seem to care about

efficiency when it comes to concrete decisions. Nevertheless, they claim to be rational in their thinking and behaving (Schedler: 538).

### **3. New roles for politicians**

Within the NPM discourse the close political interference of public administration was criticized. The combination of overload by detailed matters and increasing sector orientation attracted growing criticism of local councillors, who were accused of playing case workers and administrators, leaving important political issues to professional administrators who were in turn, accused of playing politicians. Separation between the political and the bureaucratic part of government was deemed necessary assuming that both factors play a fundamentally different role in the furnishing of public services. According to the NPM discourse, these two kinds of 'political' and 'administrative' decision-making and -roles must not be mixed (Hansen). While politicians define the main objectives and provide democratic supervision, administrators execute and implement policy within this framework. 'Politics' and 'political' decision making are seen, on the one hand, as the making of overall goals and objects for the general development and the various public services and tasks of the municipality. On the other hand, 'administration' and 'administrative' decision making are considered as operational management and running of concrete service provision and task performance in accordance with the political goals of the elected councillors. Moreover, delegating management and operational competence to the civil servants would simultaneously give the elected politicians more time and opportunities to do what they are good at and elected to do, namely make politics and policy. As a consequence, local politicians have significant new responsibilities (Steyvers et al: 433).

*Is efficiency outbalancing democracy as the prime value in municipalities?*

Some identify 'its lack of understanding for political processes and things 'political' as the most fundamental problem of the new managerialism. The unpredictable nature of democratic decision-making and its sensitivity to changing political pressure are criticised as irrational and inefficient from this management logic. The municipalities are, indeed, democratic political institutions, organizing public and common services for the citizens of the municipality. Politicians are the elected representatives of the plurality of opinions and interests of the citizens. They carefully watch the common concerns and affairs of the municipality. Their role is to comprehend a subject matter from different points of view, to consider it, to compromise conflicting interests and judge what is most reasonable and appropriate in a given situation. This genuine political and democratic dimension of the role and skills of elected councillors is not easily combined with the propagated role of goal-steering (Hansen).

The emphasis on economic efficiency upheld in NPM trends to produce the conception of a clean and apolitical self-government. However, historically and constitutionally such a distinction and separation of political vs administrative competence and decision making was not instituted as part of local government structure. The local council has, as an elected assembly of representatives and ombudsmen of the citizens, always been granted complete political as well as administrative competence and responsibility to handle local affairs (Steyvers et al.). The study of Steyvers et al

(2006:438) showed that more than half of the mayors (fully) disagreed with the idea that politicians should define objectives and control output but never intervene in the task fulfilment of the local administration. Support for this role distinction among Belgian mayors thus seems rather limited. They support a more classic approach of governmental organization.

### *Steering instead of rowing*

According to the NPM model politicians have an important assignment as strategists and opinion leaders. They have been attributed a new role as general goal steering decision-makers, formulating and deciding overall goals and specific project as well as the financial frames of the municipality. NPM underlines that politicians should stick to their core business, which is developing new policies to realize political goals (Van Thiel & Leeuw: 277).

However, this distinction between the administrative and the political field might have some unintended consequences. An interpretation of NPM that is targeted solely at the throughput and output might limit the power of politics (Steyvers et al 434). If NPM reduced political discussions to a 'strategic' set of targets, it would generate serious problems for politicians. NPM would then become senseless for political rationality (Schedler: 540). As a result of the NPM separation of politics and administration, local councillors could lose touch with real life in the task-performing and service-delivering municipal institutions. Because of weak contact and missing information and knowledge about what is going on at institution and user level, it becomes difficult for local councillors to relate their goal-steering efforts to real-life problems of users. Therefore, various efforts to concretize and operationalize the overall goals, in order to render goal making and steering more politically meaningful, were made. Various types of performance related documents were produced to enhance the control, scrutiny and outcome oriented focus of elected representatives. Ideally, they would enhance the communication of visions and the choice of appropriate strategies based upon performance information.

Moreover, as NPM reforms and more specifically the new role distinction may lead to a (perceived ?) loss of power and increased distance to the operational field, it is expected that performance documents would provide the necessary information to perform their new role as strategic leaders. It might also strengthen their position in the council compared to less informed colleagues.

Reforms in The Netherlands appear to have been successful in strengthening councillors' focus on their control and scrutiny functions (De Groot et al: 148). This is more or less in line with similar experiences in the UK where evaluations also indicate that the recent Local Government Act (LGA) reforms have also resulted in some modest changes in the role orientation of councillors. These results imply that claims that institutional reforms may not be a very promising strategy need to be nuanced. Even in a relatively short period of time Dutch reforms did have an effect. Nevertheless we should be cautious to generalize these findings.

### *Competing rationalities: are politicians acting irrationally?*

NPM focuses on increasing the efficiency of governmental organizations by quantitatively relating output to input. It is widely assumed that the integration and use of performance information for all kinds of decision-making processes is “a good thing” (Pollitt & Bouckaert). In that sense NPM's concept of efficiency is grounded in economics. However, this ‘economic efficiency’ is not the same as ‘political efficiency’- a concept that focuses on the efforts needed to attract voters in elections (ter Bogt 2004: 25). Therefore, many attempts to integrate performance information in political decision-making failed. The introduction of targets and the availability of performance reports hardly explain whether politicians use performance reports. Reformers complain that new public management instruments are not used properly by politicians. As a consequence, the lack of political interest in policy indicators is a frequent complaint of civil servants (Van Dooren 2004: 512). Could it be that economic logic and political logic do not come to the same conclusions? Political rationality, often dominating the public sector, calls for solutions to problems that are acute and must be treated as such while the NPM discourse stimulates long term strategic planning (Schedler). Maybe better information about expected results does not actually help much when politicians come to the point of having to make decisions (Pollitt & Bouckaert). To conclude, the mere existence of performance information does not, by itself, mean that information will be used (Moynihan & Ingraham: 11).

#### **4. Theoretical framework**

In the rational decision-making model, the role of performance information is rather straightforward: neat performance information contributes to the attainment of neatly defined organizational goals. However, the rational decision-making model fails to recognize that performance information might actually amplify ambiguity rather than reduce it. The use of performance information is therefore a quite diverse and multifaceted phenomenon (Van de Walle & Van Dooren: 3). Moreover, previous research has demonstrated that politicians do not behave in a rational manner (ter Bogt, 2004).

A broad institutional model can offer a useful theoretical framework for studying managerial changes. When people use performance measurement systems, appropriate them, resist or politicize them, they are strongly influenced by the cultural conditions of their working environment (Vakkuri & Meklin 2003). An institutional framework combines economic, social, political, historical and cultural dimensions in the analysis of organizations and change processes (ter Bogt 2008a: 210).

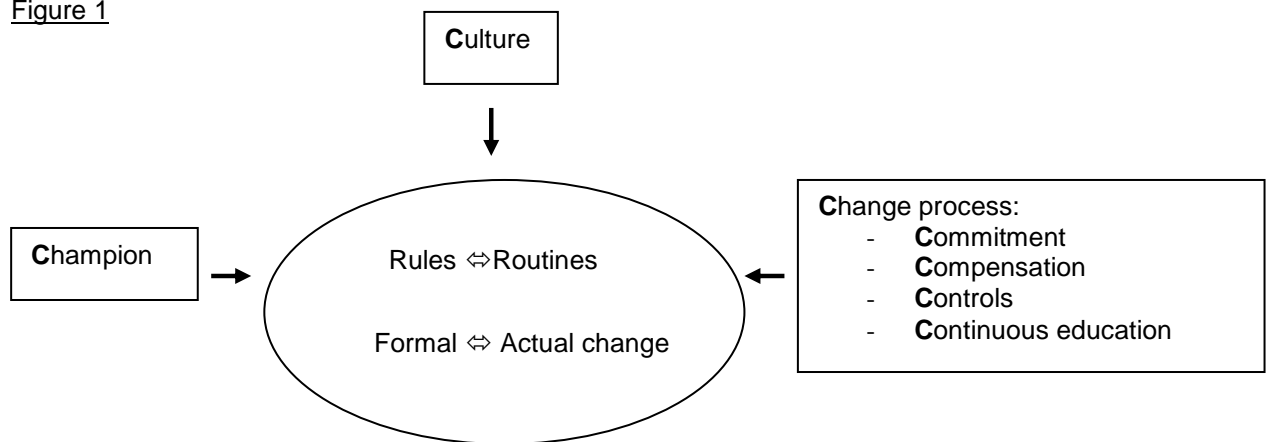
The difficulty to investigate the use of performance measurement may be due to the multifaceted nature of local government. Expectations, values and rules from inside and outside the organization also play a part in the decision to introduce changes. Institutional theory emphasizes the influence of structures in society and the social and cultural aspects of an organization's environment, such as rules, power, interests and habits in a particular group or society (ter Bogt 2008a: 210). The field study of Van Helden and ter Bogt (2001) shows that the impact of instrumental innovations similar to NPM can be evaluated by addressing various organizational and behavioural perspectives. Moreover, institutional theory not only focuses on organizations, but also on the individuals within organizations (ter Bogt 2008a: 214).

The NPM model suggests that the most important explanation for changing the control of government organizations is the desire to improve performance, i.e. to increase economic efficiency and effectiveness. However, not all authors are convinced that organizational changes are mainly intended to increase economic efficiency and effectiveness. Burns and Scapens (2000) developed a model for conceptualizing management accounting change based on institutional theory and old institutional economics. The model is useful to this research because it focuses on routines and practices in organizations. Rules, routines and institutions are three interrelated concepts which mutual relationship explains organizational change. We can consider the legislative framework as the formal rules, the actual practices as routines. Institutions are the organizational culture and the broader environment in which local government operates. Effective political institutions are those that are lived by political actors (Lowndes & Leach: 561). They shape political behaviour by providing a relatively systematic and stable set of opportunities and constraints (Lowndes & Leach: 560). First, political institutions are collections of interrelated rules and routines that define appropriate action. Second, political institutions not only respond to their environment but also create these environments at the same time. Third, political institutions evolve through history-dependent intertwining of stability and change. (Bolton & Fleming: 727). Changing institutions is the most powerful weapon in the reformer's arsenal. To change political institutions is to alter actors' sense of what is possible and impossible, desirable and undesirable. But institutional change -as opposed to organizational restructuring- is hard to achieve. Changes in institutional rules are unlikely to have major effects if key actors are unwilling or unable to abide by the reforms. Some authors have argued that institutional reforms 'may not be a very promising strategy' because 'it is difficult to achieve, its outcomes hard to predict' and if there are any effects these 'are likely to be realized only in the longer term'. Others warned that 'designers of institutions are often writing on water'. Therefore, some proclaim that the proposition that institutional reforms will alter people's attitudes and behaviour 'is an hypothesis, not an axiom' (De Groot et al: 404). This research precisely tests the hypothesis that an institutional reform, generating new roles for local politicians, would lead to an enhanced control and efficiency oriented focus of local representatives. Consequently, they would make increased use of the available performance information to accomplish this new assignment.

However, the relationships between rules, routines and institutions are much less clear. The difference between routines (which are embedded in institutions) and rules highlights the gap between actual and formal change, which is the primary focus of this research (ter Bogt, Van Helden 2000: 270). Burns and Scapens only deal vaguely with the causes and effects and mechanisms of accounting change. Other models, such as Shields and Young's Seven C's model and Cyert and March's general theory about information processing, decision-making and learning in organizations, throw some light on the circumstances under which the use of performance information might alter (ter Bogt, Van Helden 2000:272). According to Shields and Young, the success of the introduction of a new management instruments depends primarily on an organization's ability to focus on behavioural rather than technical issues. The use of new performance related documents can be facilitated by focusing on seven general behavioural and organizational issues: culture, champion, change process through commitment, compensation, controls and continuous education.



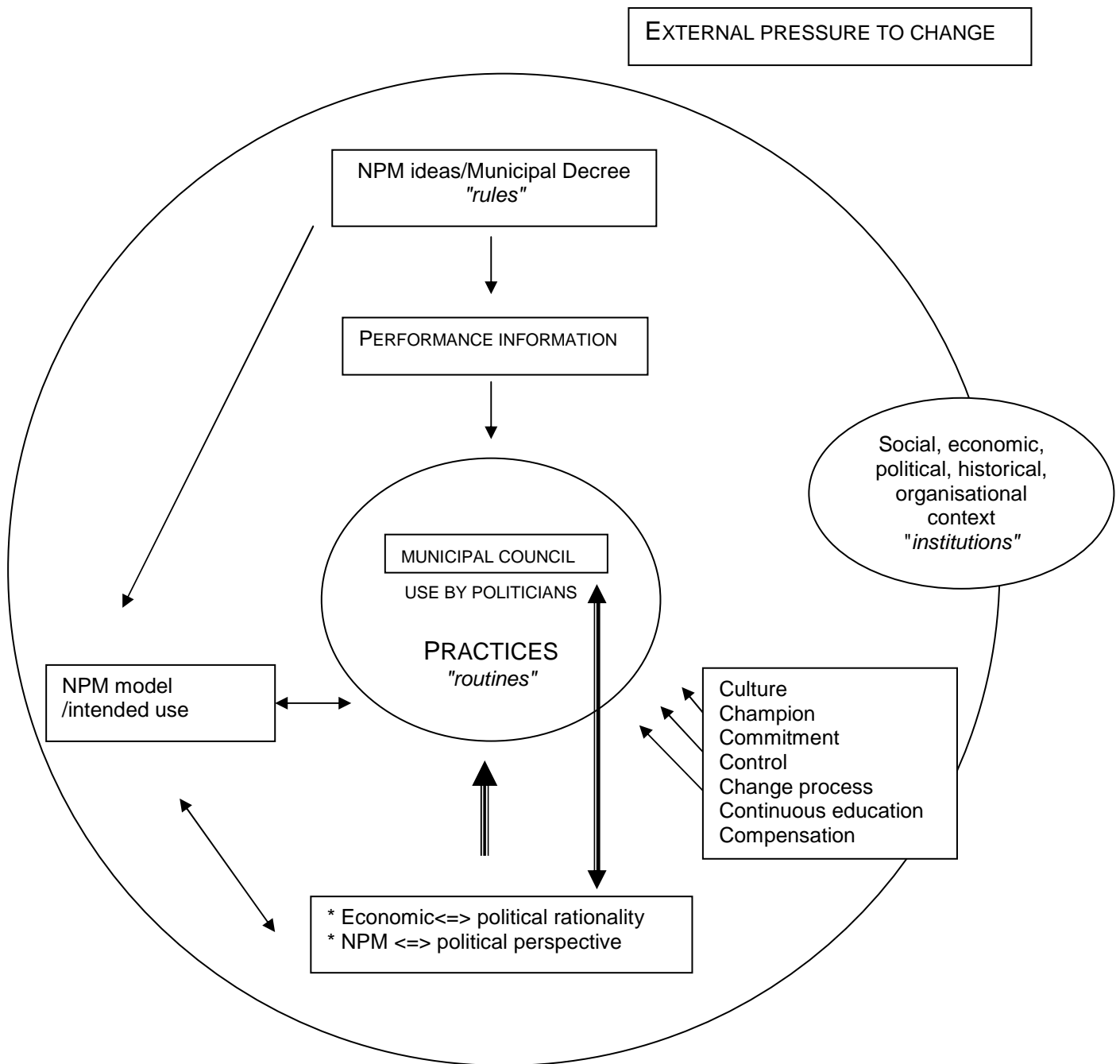
Figure 1



An exploration of Cyert and March's ideas within the context of accounting change leads to the following observation: if the participants in an organization are satisfied with the existing rules, there will be no incentive to change. This implies that external or internal pressure is a prerequisite for the alteration of rules. Furthermore participants, in our case local politicians, will be inclined to repeat behaviour and also the underlying rules if this is seen to be successful.

To summarize, ter Bogt's and Van Helden's framework encompasses a combination of elements from the three approaches. Therefore, our approach is based on the following inputs: firstly, Burns' and Scapens' distinction between rules and routines to explain the difference between formal and actual change, secondly, pressure or lack of pressure for change related to the ideas of Cyert and March. Thirdly, the relevant internal enablers for success of change for which Shield's and Young's model provides promising clues (ter Bogt, Van Helden 2000: 273). Of course, this is a dynamic process with different interacting elements. Figure 2 illustrates the application of the framework on this research. The formal introduction of new NPM-like instruments mostly takes place during a well defined beginning and end. After the formal introduction, the real use takes place and the new instruments are used and adjusted.

Figure 2



## 5. Research Question

The NPM literature has generally focused on the expected effects of reforms but attempts at studying the consequences of such reforms have often found unintended results and significant gaps between expected and actual changes (Anessi-Pessina, Nasi & Steccolini: 321). Previous research (Van Helden, ter Bogt 2001: 83) showed that NPM developments cannot be fruitfully described or explained by only focusing on the availability of new instruments. What really matters is how these instruments are applied in practice. Besides, international literature questions the effectiveness of new financial instruments. An important gap exists between the ideal concept of management change and the development in daily use of various NPM instruments. Arguing that substantial attention has already been devoted to the ideological and instrumental aspects of reform adoption, nowadays many researchers are shifting their focus to the actual practices, the impacts and the outcomes of the implemented programmes (Windels 2007).

### *A weak spot in research*

Our knowledge about whether and how politicians use performance information is limited by a lack of empirical evidence. While the link between performance measurement and the use of this information in decision-making is often assumed, actual use is usually the weak spot in performance information systems (Van de Walle & Van Dooren: 2). When summing up 20 years of research, Pollitt calls it mildly amazing that there are only few analyses of what elected politicians do with performance information. There has been some theorizing about elected politicians' utilization of performance information, but the implications of this theorizing are not sufficiently tested (Askim 2007:454). The majority of the literature concerning private and public accounting and reporting deals with concepts and instruments (Grossi, Reichard). Several of these studies have addressed the more "technical" aspects of performance measurement in government organizations (e.g. what should be measured and how, what is measured?). Subsequently, a lot of research has been conducted into promises, usefulness and potential of performance measures and indicators such as the Balanced Score Card model.

More recent studies focused on the factors that contribute to the usage of performance measures (Tat-Kei Ho: 220) and stakeholder needs regarding performance reporting in local authorities (Tooley et al.). They mainly cover managers' experience (for example Lee), and it is not evident that findings concerning managerial use are applicable to the political sphere as politicians and managers conduct their work in very different ways. Moreover, how performance information is integrated into decision making remains a "black box" and is often disregarded by researchers (Tat-Kei Ho: 234).

Most evidence on politicians' utilization of performance information is still rather anecdotal and stems from case studies and surveys. They have provided valuable insight and interesting hypotheses but little systematic evidence of levels and patterns of use (Askim 2007:456). Although the use of self-reporting surveys has been a widely adopted methodology in many previous studies on performance information, its reliability depends heavily on the respondents' correct understanding and subjective

interpretation of the questions (Tat-Kei Ho: 221). Indeed, surveys and interviews can be employed to investigate these issues, but any results obtained must be viewed with caution since self-reports frequently do not correspond to the actual use of information (Schiff & Hoffman: 135). Furthermore, these studies often probe intentions or opinions concerning performance information use and measuring attitudes does not necessarily tell us something about actual behaviour (Steyvers et al: 436). Compared to documentary analysis, the exaggerated claims of officials responding to surveys may overestimate the actual use of performance measures in municipal government (Poister & Streib: 328). Thus, it might be stated that the findings of survey responses may still overstate the use and usefulness of performance measurement in actual practice (Poister & Streib: 332).

Other studies described the type of information politicians prefer or their use during the various stages of decision making processes (ter Bogt 2004, Melkers & Willoughby). The purpose of the use, for example to evaluate managers or civil servants, has also been investigated (ter Bogt 2003). Moreover, common to almost all previous research, is the emphasis on one type of politician: on the one hand top echelon politicians such as majors and aldermen and on the other hand 'ordinary' councillors. Therefore, we will consider the municipal council as an entire entity.

This literature review has clearly demonstrated that local politicians' perception, self-evaluation and intentions have already been investigated from different angles but we wonder what happens with performance information when they act in the political arena. As a consequence, this paper will look deeper into the real actions of local politicians in the municipal council.

#### *A state of the art*

This paper will set a state of the art on the current status of performance information in municipal councils. We will analyze the extent to which performance information becomes the tool through which organisational performance is understood (Yetano 2010).

The actual status of performance information in municipal councils only exists through the actions of the individual members of the council (Lowndes & Leach). When policy makers say they 'don't use' performance information, what does this actually mean? Does it mean they generally do not sit down with a 200-page performance report and a cup of tea? This is quite likely (Van de Walle & Van Dooren: 3). Likewise, the conclusion of the (all in all, scarce) research on how politicians use performance information appears to be that they prefer rich verbal information above detailed written information (ter Bogt 2004). Indeed, a consideration of the term 'use' limited to reading complex quantitative data would be very restrictive. The use of performance documents is probably less formalized than the existence of performance reports suggests. Rare are the cases where a single discrete decision can be traced back to a well defined set of performance indicators (Van de Walle & Van Dooren: 4-5). Specifically, while performance measures do not drive decisions in some automatic, mechanical way, they often form the basis for discussions that may afterwards lead to decisions. Previous research noted that what we may really see is a less direct use of performance

measurement. In fact, performance measurement may have little direct impact on decision-making and still be of value in 'enlightening' various stakeholders (de Lancer Julnes, 2006: 224).

Therefore, performance information may not directly drive decisions but somehow influences action. If the effectiveness of performance measures was judged in terms of its direct use in decision-making, the conclusion would be that performance measurement does not have an impact on management. However, this interpretation would miss the more subtle, although still valuable, impacts of performance measures (De lancer Julnes 2006: 227).

Using performance measurement information to inform dialogue among decision makers should thus be considered as a positive contribution (de Lancer Julnes 2008: 59). Therefore, this paper focuses on the reference to any type of performance information during the political debate in the municipal council. Exactly because of the subtle and indirect impact on discussion, we will apply a broad definition of the term 'performance information', not limited to financial or quantitative information. For this purpose, an index construct defining performance information is being completed at present. Most references containing an evaluation or performance related component will thus be included in our analysis. We do not investigate which type of information local politicians use or their sources. What matters to our research is if they refer to it during debate, as we assume that this reference indicates a more NPM-like mindset of politicians. Our main research question could be formulated as follows:

*To what extent do local politicians refer to performance information in municipal councils' debate ?*

Is their use merely symbolic and a matter of rhetoric? How often do they mention performance information during the discussions ? Is there a difference between majority and opposition ? Do certain policy sectors generate more performance based discussions, ... and so on. These are a few questions that this paper aims to answer.

## **6. Data Collection**

Belgium has 589 municipalities: 308 in the Flemish region, 262 in the Walloon region and 19 in the Brussels capital region. Each municipality has a council, whose members (7-55 in number) are directly elected for a six-year term. The council has the competence to decide on all matters of local interest. Among its members, the council elects between two and ten aldermen. They usually belong to the political (single-party or coalition) majority in the council. Finally, the mayor, as chief executive of the municipality is appointed for a six year term. The mayor and the aldermen together could be considered as the executive board of the municipality (Ackaert: 168-169).

A 'wind of change' is gently blowing through the localities in Belgium. The recent regionalisation of the organic framework of municipalities seems to unlock new, although still reluctant, dynamics. The Municipal Decree of 2006<sup>1</sup> (in Dutch "Gemeentedecreet") introduced new instruments which enabled municipalities to organise themselves in a new modern way. Fitting in with the rise of NPM attention

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<sup>1</sup> In Dutch: "Gemeentedecreet, Decreet van 15 juli 2005", 30/04/2009 latest adjustment.

was given to a more businesslike and professionalized management of local government. As illustrated in figure 3, the changes relate to aspects such as organisational culture, financial management, human resources and result oriented policy planning and evaluation. An openness towards forms of out-of-house production (autonomous municipal agencies, public private partnerships, ...) is gradually emerging. The growing importance of public-private partnerships seems to suggest a willingness to include productive superiority within publicly anchored networks in certain policy domains. Internally the administrative organization seems to convert into a management body led by the municipal secretary. The introduction of budget-holding, a management team, modern financial management and delegation to administration suggests a base for a more horizontal power relationship and separation between politicians and administration. Most of the stipulations are compulsory, for example the establishment of a municipal management team, some are optional such as the implementation of budget ownership. The operation occurs in different phases. The Decree can thus be considered as the introduction of NPM in Flemish municipalities. Because of the mainly compulsory character of the Decree, the context in which Flemish municipalities operate is largely homogeneous. This focused empirical setting enhances a higher degree of comparability of empirical findings (de Buijn & van Helden: 410).

Figure 3 : Main elements and objectives of the reform

Political components	<ul style="list-style-type: none"> <li>- strengthening of the municipal council</li> <li>- focus on policy-making tasks of council</li> </ul>
Bureaucracy	<ul style="list-style-type: none"> <li>- preparation, implementation and evaluation of policy plans</li> <li>- collaboration model together with political field</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>- more legal possibilities for employment</li> <li>- employment of cabinet personnel</li> <li>- flexible recruitments</li> </ul>
Self regulation	<ul style="list-style-type: none"> <li>- internal and external privatization</li> <li>- more possibilities for private-public partnerships</li> <li>- implementation of audit</li> </ul>
Civilian participation	<ul style="list-style-type: none"> <li>- complaint management systems</li> <li>- increased involvement of civil society with policy making</li> <li>- procedure of turning in petitions</li> </ul>
Modern financial and policy instruments	<ul style="list-style-type: none"> <li>- strategic long-range plan</li> <li>- management team composed of civil servants and major</li> <li>- annual budgets with integrated financial and policy plans</li> <li>- adjusted role and function for treasurer and municipal manager</li> <li>- budget ownership for civil servants</li> </ul>

	<ul style="list-style-type: none"> <li>- internal control systems</li> <li>- flexible executive committee</li> <li>- external audit</li> </ul>
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## 8. Data Analysis

Pollitt developed a multi-layered concept of public sector reform consisting of four different stages. The first stage stands for the new managerial 'discourse', the relatively abstract ideas of running the public sector in a businesslike manner forming the conceptual agenda. The second stage contains the decisions of political executives and managers to develop and adopt new instruments. The third phase concerns the daily managerial activities and styles that embed the newly developed management instruments (Jansen 2008b). The fourth and last stage relates to the results of the reforms and their effect on customers and citizens (Windels 2007).

This research refers to the second and third phase in Pollitt's classification of NPM changes. Research concerning the third stage requires a more sophisticated approach than the first and the second ones. Often extensive field work, including survey and case or field studies will be necessary to investigate how techniques are used and also shed light on contextual and organisational factors that may influence the use of new techniques in actual practice. Consequently, a large majority of the papers simultaneously discusses reforms at the second and third NPM level, with case and field research as dominant research methods.

Therefore, previous research concerning NPM changes in local government often used qualitative methods (for example Lapsley, Pallot, Van Helden, Jansen, Van Helden & ter Bogt 2001). They demonstrate the value of employing qualitative research strategies as a complement to strong quantitative methods focusing on explicit structures, practices and outcomes in advancing institutional theory (Dacin et al. :48). Quantitative research in which hypotheses are tested using econometric methods is obviously not mainstream, although there are some notable exceptions. This dominance of qualitative over quantitative NPM research seems to be similar to research traditions in UK public management (Van Helden, Jansen: 82-83).

Our research approach requires the study of 'rules in use' as opposed to 'rules in practice'. Concretely, we want to separate the 'real actions' from the 'rhetoric' and to unearth the rules that shape political behaviour in the municipal councils. Consequently, we analyse documents that provide unrestrained information concerning the actual reference to performance information during the councils' debate. The councils' official reports contain the essential material from which we can derive the desired evidence. The literal reproduction of the debates in the municipal council (or at least the main arguments) is often registered. That enables us to deduce the reference to performance information by politicians. The reports are 'living sources', containing sometimes animated political discussions. They observe the dynamics of city politics and show how performance information is referred to in municipal councils.

Besides, they are a rich source of information since municipal orders on all policy areas are included together with the preceding discussions. All official performance, financial and management documents (annual budget and financial reports, long term policy plans, ...) must be discussed and approved by the council following the regulations of the new Municipal Decree. In this respect we will not conduct a kind of content analysis but we make a peculiar interpretation of the discussions held in the council. In some instances performance measurement information could give the appearance of rational decision-making when in reality the information has been distorted to support political goals (de Lancer Julnes 2006: 224). Although this is something we have to keep in mind, we are particularly interested in this specific political setting. The main research focus of this paper is not *why* they refer to performance information, but first of all, *if* they do it at all.

Furthermore, these reports are official documents, publicly available for all 308 Flemish municipalities. Other relevant documents such as the reports of the municipal finance commission (composed by members of the local council) might be included as well.

The analysis is certainly not intended as an evaluation of the implementation of the requirements of the decree in terms of success or failure. We do not evaluate compliance with legislative regulations, but we establish a neutral state of the art of the current status of performance information in municipal councils

Therefore, we quantify the archival data available in the municipal council's official reports, based on a random sample of one fourth of the 308 municipalities. The reports for the year 2008 will be studied, testing them on an "index of performance information use". The use of such an index enables us to convert qualitative information into quantitative data, which is a proper method to make the reference to performance information operational to our research. Figure 3 illustrates some elements containing the index. We intend to come to a range of local entities varying from heavy performance minded municipalities to absolutely non-users.

Figure 3: some elements containing the index

Identification of the municipality	<ul style="list-style-type: none"> <li>- size</li> <li>- presence of alderman for financial affairs</li> <li>- presence of separate municipal commission for finance</li> <li>- single party in majority or coalition</li> </ul>
Properties of performance information	<ul style="list-style-type: none"> <li>- financial or non- financial information</li> <li>- personal opinion or objective</li> <li>- Source ?</li> <li>- concerning service delivery or other performance related items ?</li> </ul>
Who makes the reference ?	<ul style="list-style-type: none"> <li>- major</li> <li>- aldermen</li> <li>- councillors (majority or opposition)</li> <li>- chairman council</li> </ul>



## **9. Preliminary Findings**

Is there any evidence that accounting can influence political processes? Do politicians use performance information in order to perform their new steering role ?

As this is only the very first stage of our empirical research, these preliminary results are based on a preparatory lecture of a few councils' reports. However, we can already make a few observations. A first finding is that the reports are not an obvious documentary source for this kind of research, as they are written for other administrative purposes. It is a challenge to get hold of council reports where the complete discussion is noted. Very often only summarized easy readable versions with the most important decisions are published. This is of course not what we are interested in.

Nevertheless, based on a small sample of already acquired reports, we notice a manifest variation in the status of performance information in municipal councils. Some local politicians definitely became the strategic, rational, well informed managers of their portfolio, using and referring to performance information, while others still behave in a very traditional politically fashionable way. In some councils there is never any reference to any type of performance information. Even the annual budget is approved without the slightest comment. In other municipalities every council meeting is interspersed with performance information based criticism from the opposition members. However, the dominant image will probably remain that of councils' meetings where there is only sporadically reference to performance information, although there are notable exceptions. Local politicians are still mainly concerned with not exceeding the budget which leads to essentially input based discussions. At first sight, there are no incontestable signs of a systematic more performance information based underpinning of discussions.

It is too early to draw conclusions on the causes behind the exceptions (possible reasons might be the presence of strong opposition members, education and experience of council members,...). Politicians' familiarity with performance information and their support for its use seem to be correlated with several organisational factors, such as municipalities' administrators' attitude towards performance measurement, their integration in the decision-making process and the involvement of citizens (Tat-Kei Ho: 229). The linkage between performance measurement, strategic planning, goal setting, and public reporting will presumably turn out to be of overriding importance.

## **10. Preliminary Conclusion**

Doctrines of NPM have been quite influential in shaping both the structures and processes in Flemish municipal councils. On the one hand, the NPM discourse has been articulated and interpreted within the existing institutional reality of Flemish local governments, and the managerial recommendations have been translated into that reality. On the other hand, this reality has been restructured and given form and coloured by the NPM discourse. Consequently, institutional reforms alone would not be enough to bring about the desired changes in local politicians' roles leading to more performance information based underpinnings of municipal councils' discussions.

Maybe council members are satisfied with a less radical change because it fits their organisational culture better? Indeed we have to bear in mind that we do not yet have systematic empirical evidence at our disposal. Our first preliminary conclusions seem to correspond with the rather pessimistic and sceptical views of previous researchers, although the municipal decree did not bring any convergence in the use of performance information. Diversity prevails in the municipal councils, performance information is referred to (or not) in a very divergent way. That degree of diversity in the status of performance information demonstrates that the NPM discourse as proposed by the Flemish regional government is by no means decisive for local politicians' use of performance information. The NPM-based input is rather homogeneous, the outcome, however, is mainly differentiated.

In general, councillors seem not totally convinced to adapt their traditional working practices which had been installed for many years. They appear to still perform more rowing than steering tasks. New rules about how to manage municipalities according to a NPM inspired practice do not clearly impact upon their actual political behaviour. Most newly introduced performance information is probably considered as 'nice to know' and not as an incentive to realise any far-reaching change. After all, maybe we should conclude that there is a strong need for a more realistic model of the role politicians can and should play in the running of the state apparatus as Pollitt and Bouckaert suggest. In other words, a shift in mentality might be necessary before any form of performance information can be recognised as important and useful in municipal councils (Pollitt, Bouckaert: 147).

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